

## EH Resident Competency 4.8

---

**Competency 4.8** EH Residents shall demonstrate a familiarity level knowledge of contract management to establish contractor evaluation requirements and assess contractor performance.

### 1. Supporting Knowledge and Skills

- a. Discuss the “Cost Plus Award Fee” evaluation process including the development of performance criteria, conduct of evaluations, and documentation and transmittal of requirements of performance.
- b. Discuss typical criteria, performance measures, and means to communicate the importance of the contractor evaluation performance criteria.

### 2. Self-Study Activities (Corresponding to the Intent of the Above Competency)

Below are two web sites containing many of the references you may need.

Web Sites		
Organization	Site Location	Notes
Department of Energy	<a href="http://wastenot.inel.gov/cted/stdguido.html">http://wastenot.inel.gov/cted/stdguido.html</a>	DOE Standards, Guides, and Orders
U.S. House of Representatives	<a href="http://law.house.gov/cfr.htm">http://law.house.gov/cfr.htm</a>	Searchable Code of Federal Regulations

**Read** DOE N 4220.3, *Award-Fee Contracts*.

EXERCISE 4.8-A What is the length of the award-fee evaluation periods?

EXERCISE 4.8-B How are performance criteria developed and the performance requirements transmitted to the contractor?

**Read** DOE N 4700.5, *Project Control System Guidelines*, Attachment 2.

EXERCISE 4.8-C Discuss typical criteria, the performance measures, and means to communicate the importance of the contractor evaluation criteria.

## **EH Resident Competency 4.8**

---

### **3. Summary**

Performance criteria is established in the Performance Evaluation Plan that is developed between the contractor and DOE and is a part of the contract. The contractor is held to these criteria and is normally evaluated in six-month increments as a part of the award-fee process.

The project control systems used by contractors in planning and controlling the performance of their work shall meet the Guidelines set forth (in DOE N 4700.5). The Guidelines are divided into three categories: baseline development, project performance, and change management. The Project Control System Guidelines establishes the policy for applying control systems to overall management of projects, including Major Systems Acquisitions (MSAs), Major Projects (MPs), Other Line Item projects, General Plant Projects (GPPs), and operating funded projects and contracts within those projects.

### **4. Exercise Solutions**

EXERCISE 4.8-A    What is the length of the award fee evaluation periods?

ANSWER 4.8-A    All Performance Evaluation Plans (PEPs) shall provide for separate evaluation periods of six-months in length.

EXERCISE 4.8-B    How are performance criteria developed and the performance requirements transmitted to the contractor?

ANSWER 4.8-B    PEPs should clearly delineate and effectively communicate to the contractors appropriate milestones and performance objectives for the upcoming rating periods. The award-fee criteria for each contract must reflect the Department's restructured objectives and priorities and focused initiatives. They must be meaningful and challenging objectives, prioritized and weighted appropriately. In establishing these criteria, goals and objectives included in corrective action plans resulting from Tiger Teams, Technical Safety Appraisals, and other report recommendations should be included.

## EH Resident Competency 4.8

---

Agreement on PEP goals and objectives must be reached early on with all interfacing organizations to achieve clarity of expectations prior to the beginning of the award-fee period. This includes agreement between the Field Office, the Contractors, and HQ expectations, priorities, objectives, criteria, performance indicators, and the meaning of successful achievement of the PEP criteria.

**EXERCISE 4.8-C** Discuss typical criteria, the performance measures, and means to communicate the importance of the contractor evaluation criteria.

**ANSWER 4.8-C** The project control systems used by contractors in planning and controlling the performance of their work shall meet the Guidelines set forth (in DOE N 4700.5). The Guidelines are divided into three categories: baseline development, project performance, and change management.

Baseline development includes management actions necessary to define project scope and responsibilities, establish baselines, and plan the project.

Project performance includes management actions after work commences that are necessary to monitor project status, report and analyze performance, and manage risk. Assessments, surveillances, etc., are conducted for this purpose.

Change management includes management actions necessary to ensure adequate control of project baselines, including the performance measurement baseline. The results of assessments, surveillances, etc., are implemented as part of change management.